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(3)

No. 99-1957

In the Supreme Court of the United States

HAVANA CLUB HOLDING, S.A. AND
HAVANA CLUB INTERNATIONAL, S.A.,
Petitioners,

v.

BACARDI & COMPANY LIMITED AND
BACARDI-MARTINI USA, INC., ET AL.,
Respondents.

On Petition For A Writ Of Certiorari To The United States Court of Appeals for the Second Circuit

MOTION FOR LEAVE TO FILE BRIEF AMICI CURIAE AND BRIEF AMICI CURIAE OF FRENCH NATIONAL COMMITTEE OF THE INTERNATIONAL CHAMBER OF COMMERCE AND ASSOCIATION OF FRENCH CHAMBERS OF COMMERCE AND INDUSTRY IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI

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MOTION FOR LEAVE TO FILE BRIEF AMICI CURIAE

Pursuant to Supreme Court Rule 37.2(b), the French National Committee of the International Chamber of Commerce and the Association of French Chambers of Commerce and Industry respectfully move for leave to submit the accompanying brief *amici curiae* in support of petitioners Havana Club Holding, S.A., and Havana Club International, S.A. Consent to the filing of this brief was granted by counsel for petitioners but was refused by counsel for respondents.

The International Chamber of Commerce (ICC), founded in Paris in 1920, is the world organization representing business interests. Its members are engaged in all sectors of the economy, including industry, commerce, banking, insurance, transportation and law, and come from over 130 countries at all stages of economic development. The ICC regularly presents the views of business to the United Nations and its member institutions, as well as to other major intergovernmental bodies such as the World Bank, the International Monetary Fund, the OECD, the Commission of the European Communities, and the World Trade Organization.

In most countries membership in the ICC is obtained through affiliation with the appropriate National Committee. The French National Committee of the ICC (FNC), which was established in 1920 as a nonprofit association and was recognized as serving the public interest under decree of April 18, 1922, represents the interests of French businesses worldwide on major international economic issues. Its fundamental objective, which is the objective of the ICC as well, is to promote the smooth functioning of world trade within the framework of an open and multilateral trade system and with due respect for the principles of fair competition and open reciprocal access to markets.

The Association of French Chambers of Commerce and Industry (AFCCI), established in 1964, represents 161 local and 21 regional chambers of commerce, and through them over two

million French businesses. The AFCCI represents the interests of business to the French government, and throughout Europe and the world.

Worldwide protection of intellectual property rights is of vital importance to the businesses and entrepreneurs that form the membership of the FNC and AFCCI. Secure, predictable legal frameworks within which to protect and enforce trademarks, trade names, copyrights, and patents are critical to FNC and AFCCI members' day-to-day business operations. Accordingly, the FNC and AFCCI follow closely and have a keen interest in any judicial proceedings where those legal frameworks and the concomitant protection of intellectual property are at risk. Interventions of these groups can prove of value to courts by highlighting the negative impact which violation of worldwide treaty rights can have on the effective protection of intellectual property rights, and thus on the investment programs of international business.

The AFCCI, FNC and ICC placed the highest priority on the creation of the World Trade Organization (WTO), and especially on the successful conclusion of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). That agreement, set forth in Annex 1C of the Final Act of the Uruguay Round adopted by the Marrakech Conference on April 15, 1994 and implemented in the United States through the Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809 (1994), is designed to strengthen worldwide legal protection for intellectual property rights. Since passage of the TRIPS Agreement, the ICC, AFCCI, FNC, and other National Committees have continuously advocated its strict enforcement by WTO member governments.

The decision of the court of appeals undermines legal protections for intellectual property rights, and in particular is inconsistent with obligations under the TRIPS Agreement. The FNC and AFCCI believe that their participation will assist the Court in its resolution of the issues presented in this case.

For the reasons stated above, the AFCCI and FNC respectfully request that the Court grant their motion for leave to file this brief.

Respectfully submitted.

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BRIEF AMICI CURIAE OF FRENCH NATIONAL COMMITTEE OF THE INTERNATIONAL CHAMBER OF COMMERCE AND ASSOCIATION OF FRENCH CHAMBERS OF COMMERCE AND INDUSTRY IN SUPPORT OF PETITION FOR A WRIT OF CERTIORARI

The French National Committee of the International Chamber of Commerce (FNC) and the Association of French Chambers of Commerce and Industry (AFCCI) submit this brief as *amici curiae* in support of the petition for a writ of certiorari filed by Havana Club Holding, S.A., and Havana Club International, S.A.[1]

INTEREST OF THE AMICI CURIAE

The interests of the FNC and AFCCI are set forth in the preceding motion for leave to file this brief.

SUMMARY OF ARGUMENT

While the narrow dispute before this Court is merely over the right to sell rum branded in a particular manner, resolution of the issues involved is of profound importance to the system of intellectual property protection worldwide. Certiorari is thus plainly warranted.

The court of appeals held that Section 211(b) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 (Section 211(b)), Pub. L. No. 105-277, 112 Stat. 2681, 2681-88 (1998), barred enforcement of petitioners' trade name rights to the term "Havana Club" under the General Inter-American Convention for Trade Mark and Commercial Protection (IAC), 46 Stat. 2907 (1929). As petitioners explain (Pet. 16), that interpretation of Section 211(b), which the court below struggled to arrive at despite the presumption against the

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[1] Pursuant to Supreme Court Rule 37.6, *amici curiae* state that no counsel for any party to this case authored this brief in whole or in part and that no person or entity, other than the *amici curiae* and their members, made a monetary contribution to the preparation or submission of the brief.

implied abrogation of treaties, has placed the United States in violation of the IAC. The issue is broader than the IAC, however: under the court of appeals' interpretation of Section 211(b), the United States also is in violation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), one of the foundational pillars of international business in this information age. Indeed, within the past week, the European Union has asked the WTO to assemble a dispute resolution panel to consider the interpretation of Section 211.

Given the impact that the decision below will have – on United States businesses, on foreign businesses, on the worldwide system for intellectual property rights, and on the United States' foreign relations – even were that decision correct it should emanate from this Court, as the final arbiter of domestic law. In fact, however, the decision below misapplied longstanding principles of domestic law. Accordingly, this Court should grant certiorari to reverse the judgment below.

ARGUMENT

I. The Court of Appeals' Decision Needlessly Places the United States in Violation of the TRIPS Agreement

The court of appeals strained to reach an interpretation of Section 211(b) that blocked petitioners' ability to protect their trade name rights. That interpretation, by placing the United States in violation of international law, has created a major international incident. This Court should grant certiorari to clarify that Section 211(b) should be interpreted not to violate international law.

Nothing in the Lanham Act precludes foreign nationals from retaining their independent, *treaty-based*, remedies for intellectual property rights violations, in addition to any remedies contained in the statute. Since the IAC was self-executing, *Bacardi Corp.* v. *Domenech*, 311 U.S. 150, 158 (1940), petitioners were entitled to bring an action to protect their rights directly under the treaty. The legislative history cited by the court below

explains that the Lanham Act was intended to "*facilitate* mutual trade in this hemisphere" (Pet. App. 22a, quoting S. Rep. No. 79-1333, 79th Cong., 2d Sess. (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274) (emphasis added)), not to *limit* independent treaty-based rights.

Section 211(b) provides that "[n]o U.S. court shall recognize, enforce or otherwise validate any assertion of treaty rights by a designated national or its successor-in-interest under sections 44(b) or (e) of the Trademark Act of 1946" (Pet. App. 118a). By its very terms this Section prohibits only actions *brought under the Lanham Act*. As Chief Justice Marshall wrote in *Murray* v. *The Charming Betsy*, 6 U.S. (2 Cranch) 64, 117-118 (1804), "an act of congress ought never to be construed to violate the law of nations, if any other possible construction remains * * * ." Thus, the court of appeals should have allowed petitioners to bring their trade name claims directly under the IAC.

Rather than following this bedrock principle of statutory interpretation, and despite the existence of other facially acceptable interpretations, the court of appeals construed Section 211(b) in the fashion most directly in conflict with specific treaty rights and the general presumptions of international intellectual property law. This decision violates not only U.S. law and the IAC, but also the letter and spirit of the TRIPS Agreement.

The legislation that implemented the TRIPS Agreement domestically, the Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809 (1994), codifies the United States' objectives for worldwide intellectual property protection. Those goals include "prevent[ing] or eliminat[ing] discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights," *id.* § 315(2)(B), 108 Stat. at 4943, and "secur[ing] fair, equitable, and nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection." *Id.* § 315(3), 108 Stat. at 4943. These domestic aspirations align well with the specific requirements of the

TRIPS Agreement. With limited exceptions not applicable here, that Agreement requires signatory states to "accord to the nationals of other Members *treatment no less favourable than that it accords to its own nationals*," Art. 3 ¶ 1 (App. 4a) (emphasis added), as well as "any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country." Art. 4 (App. 5a).

As interpreted by the court of appeals – to preclude the enforcement of petitioners' trade name rights – Section 211(b) directly violates the TRIPS Agreement. First, it violates the nondiscrimination principles contained in Articles 3 ¶ 1 and 4 (App. 4a-5a). Second, it violates Article 42, which requires member states to "make available to right holders civil judicial procedures concerning the enforcement of" intellectual property rights (App. 7a). Finally, it violates Article 8 of the Paris Convention for the Protection of Industrial Property, which provides for the protection of trade names in all signatory countries and which is incorporated by reference into the TRIPS Agreement by TRIPS Art. 2 ¶ 1 (App. 4a).

The court of appeals' interpretation of Section 211 has also exacerbated the international tensions created by the initial enactment of that statute. On June 30, 2000, the European Union formally requested that the WTO convene a panel to hear a challenge to Section 211. *See* Neil Buckley, *EU to take Cuban rum dispute to WTO*, Financial Times (July 4, 2000); The European Commission, *EU requests WTO Panel on U.S. trademark law* (EU Press Release) (July 3, 2000) (available at http://europa.eu.int/comm/trade/miti/dispute/wtoustl.htm) (App. 8a). The EU explained that part of the impetus for its action was that "Section 211 was recently applied by U.S. courts" in this case. App. 8a. It then stated:

> The EU is of the view that the conditions set forth in Section 211 violate several obligations of the U.S. under the [TRIPS Agreement] since it treats certain foreign right-holders with Cuban assets less favourable than U.S. right-holders. In addition, the law is contrary to the

> international trademark rules enshrined in the TRIPS Agreement since a trademark registration and its enforcement before courts cannot be made conditional on the consent of a trademark owner who has abandoned his rights.

App 8a-9a.

The court of appeals thrust the United States into this international conflict unnecessarily. While Section 211 plainly violates the TRIPS Agreement in other ways,[2] in this instance it can be interpreted in a fashion that protects petitioners' intellectual property rights consistent with the TRIPS Agreement. That interpretation will not only avoid international disputes; it is also straightforwardly mandated by the presumption against abrogating treaties by subsequent legislation. This Court should clarify that the stilted approach taken by the court below has no place in decisions interpreting treaty rights.

II. International Commerce Depends Upon Constant Enforcement of Intellectual Property Treaty Rights

The European Union does not lightly accuse the United States of violating its international obligations. That they have done so over Section 211 as interpreted by the Second Circuit is evidence of the profound importance of this case to companies and countries around the world, not merely in Cuba. The United States was created based on the principle of the free and unimpeded flow of commerce between the states. The future of world trade, too, depends on countries – especially countries that others view to be world leaders – not erecting artificial barriers to trade.

The impact of this case on petitioners and respondents is of course clear. Its implications, however, are much broader. All

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[2] For example, Section 211(a) – which the court below held did not apply to this case (Pet. App. 17a) – violates the TRIPS Agreement by forbidding the registration and renewal of certain trademarks under the Cuban Assets Control Regulations, 31 C.F.R. § 515.527.

U.S. companies may be affected, because if the decision below is not reversed U.S. trademarks may be *legally* copied in Cuba. International companies, such as members of the AFCCI and FNC, will also be impacted, as they may become increasingly reluctant to do business in the United States, questioning whether the United States will enforce their intellectual property rights and fearing that the level playing field that business here once enjoyed has become riddled with molehills. Finally, on the governmental level other countries may now feel justified in erecting their own additional barriers to trade, increasing the costs and uncertainty that are the bane of international business and that the TRIPS Agreement was meant to minimize.

The international law doctrine of *pacta sunt servanda* – loosely translated by the Seventh Circuit as "a deal is a deal," see *Waukesha Foundry, Inc.* v. *Industrial Eng'g, Inc.*, 91 F.3d 1002, 1010 (1996) – requires that nations honor their treaty commitments. By construing Section 211 to abrogate the IAC, without the slightest hint that Congress meant to do so, the court of appeals failed to respect this doctrine, leaving the United States in violation of the TRIPS Agreement and a company stripped of appropriate legal protection for its trademark and trade name. This Court should grant certiorari to uphold the United States' treaty obligations and to clarify the principles by which such obligations must be interpreted.

CONCLUSION

For the foregoing reasons, as well as those stated by petitioners, the petition for a writ of certiorari should be granted.

Respectfully submitted.

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JULY 2000

APPENDIX

AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

Members,

Desiring to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade;

Recognizing, to this end, the need for new rules and disciplines concerning:

(a) the applicability of the basic principles of GATT 1994 and of relevant international intellectual property agreements or conventions;

(b) the provision of adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights;

(c) the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, taking into account differences in national legal systems;

(d) the provision of effective and expeditious procedures for the multilateral prevention and settlement of disputes between governments; and

(e) transitional arrangements aiming at the fullest participation in the results of the negotiations;

Recognizing the need for a multilateral framework of principles, rules and disciplines dealing with international trade

in counterfeit goods;

Recognizing that intellectual property rights are private rights;

Recognizing the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives;

Recognizing also the special needs of the least-developed country Members in respect of maximum flexibility in the domestic implementation of laws and regulations in order to enable them to create a sound and viable technological base;

Emphasizing the importance of reducing tensions by reaching strengthened commitments to resolve disputes on trade-related intellectual property issues through multilateral procedures;

Desiring to establish a mutually supportive relationship between the WTO and the World Intellectual Property Organization (referred to in this Agreement as "WIPO") as well as other relevant international organizations;

Hereby agree as follows:

PART I GENERAL PROVISIONS AND BASIC PRINCIPLES

Article 1: Nature and Scope of Obligations

1. Members shall give effect to the provisions of this Agreement. Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement. Members shall be free to determine the appropriate method of implementing the provi-

sions of this Agreement within their own legal system and practice.

2. For the purposes of this Agreement, the term "intellectual property" refers to all categories of intellectual property that are the subject of Sections 1 through 7 of Part II.

3. Members shall accord the treatment provided for in this Agreement to the nationals of other Members.[1] In respect of the relevant intellectual property right, the nationals of other Members shall be understood as those natural or legal persons that would meet the criteria for eligibility for protection provided for in the Paris Convention (1967), the Berne Convention (1971), the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits, were all Members of the WTO members of those conventions.[2] Any Member availing itself of the possibilities provided in paragraph 3 of Article 5 or paragraph 2 of Article 6 of the Rome Convention shall make a notification as foreseen in those provisions to the Council for Trade-Related Aspects of Intellectual Property Rights (the "Council for TRIPS").

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[1] When "nationals" are referred to in this Agreement, they shall be deemed, in the case of a separate customs territory Member of the WTO, to mean persons, natural or legal, who are domiciled or who have a real and effective industrial or commercial establishment in that customs territory.

[2] In this Agreement, "Paris Convention" refers to the Paris Convention for the Protection of Industrial Property; "Paris Convention (1967)" refers to the Stockholm Act of this Convention of 14 July 1967. "Berne Convention" refers to the Berne Convention for the Protection of Literary and Artistic Works; "Berne Convention (1971)" refers to the Paris Act of this Convention of 24 July 1971. "Rome Convention" refers to the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, adopted at Rome on 26 October 1961. "Treaty on Intellectual Property in Respect of Integrated Circuits" (IPIC Treaty) refers to the Treaty on Intellectual Property in Respect of Integrated Circuits, adopted at Washington on 26 May 1989. "WTO Agreement" refers to the Agreement Establishing the WTO.

Article 2: Intellectual Property Conventions

1. In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967).

2. Nothing in Parts I to IV of this Agreement shall derogate from existing obligations that Members may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits.

Article 3: National Treatment

1. Each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection[3] of intellectual property, subject to the exceptions already provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention or the Treaty on Intellectual Property in Respect of Integrated Circuits. In respect of performers, producers of phonograms and broadcasting organizations, this obligation only applies in respect of the rights provided under this Agreement. Any Member availing itself of the possibilities provided in Article 6 of the Berne Convention (1971) or paragraph 1(b) of Article 16 of the Rome Convention shall make a notification as foreseen in those provisions to the Council for TRIPS.

2. Members may avail themselves of the exceptions permitted under paragraph 1 in relation to judicial and administrative procedures, including the designation of an address for service

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[3] For the purposes of Articles 3 and 4, "protection" shall include matters affecting the availability, acquisition, scope, maintenance and enforcement of intellectual property rights as well as those matters affecting the use of intellectual property rights specifically addressed in this Agreement.

or the appointment of an agent within the jurisdiction of a Member, only where such exceptions are necessary to secure compliance with laws and regulations which are not inconsistent with the provisions of this Agreement and where such practices are not applied in a manner which would constitute a disguised restriction on trade.

Article 4: Most-Favoured-Nation Treatment

With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members. Exempted from this obligation are any advantage, favour, privilege or immunity accorded by a Member:

(a) deriving from international agreements on judicial assistance or law enforcement of a general nature and not particularly confined to the protection of intellectual property;

(b) granted in accordance with the provisions of the Berne Convention (1971) or the Rome Convention authorizing that the treatment accorded be a function not of national treatment but of the treatment accorded in another country;

(c) in respect of the rights of performers, producers of phonograms and broadcasting organizations not provided under this Agreement;

(d) deriving from international agreements related to the protection of intellectual property which entered into force prior to the entry into force of the WTO Agreement, provided that such agreements are notified to the Council for TRIPS and do not constitute an arbitrary or unjustifiable discrimination against nationals of other Members.

* * *

PART III ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

SECTION 1: GENERAL OBLIGATIONS

Article 41

1. Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

2. Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

3. Decisions on the merits of a case shall preferably be in writing and reasoned. They shall be made available at least to the parties to the proceeding without undue delay. Decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard.

4. Parties to a proceeding shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in a Member's law concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case. However, there shall be no obligation to provide an opportunity for review of acquittals in criminal cases.

5. It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general, nor does it affect the capacity of Members to enforce their law in general. Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.

SECTION 2: CIVIL AND ADMINISTRATIVE PROCEDURES AND REMEDIES

Article 42: Fair and Equitable Procedures

Members shall make available to right holders[11] civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims. Parties shall be allowed to be represented by independent legal counsel, and procedures shall not impose overly burdensome requirements concerning mandatory personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present all relevant evidence. The procedure shall provide a means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements.

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[11] For the purpose of this Part, the term "right holder" includes federations and associations having legal standing to assert such rights.

THE EUROPEAN COMMISSION
PRESS RELEASE DATED JULY 3, 2000
http://europa.eu.int/comm/trade/miti/dispute/wtoustl.htm

EU requests WTO panel on U.S. trademark law

The EU announced today that it was requesting a WTO Panel against a U.S. law restricting the rights of foreign right-holders of U.S. trademarks. Under Section 211 of the 1998 U.S. Omnibus Appropriations Act, foreign companies with Cuban assets are prevented from registering and enforcing their trademarks in the U.S. unless they comply with discriminatory obligations which are in contradiction with international intellectual property rules.

Section 211 was adopted by the U.S. Congress back in October 1998. It obliges Cuban companies wishing to register a trademark in the U.S. previously owned by an entity, which was expropriated by the Cuban Government in the 1960s, to get the agreement of the original owner before registering. This is even the case when the original Cuban owner abandoned his trademark in the U.S. and the trademark became available to everybody. The law also bars U.S. Courts from recognising or enforcing any assertion of such rights unless the original owner has given his consent.

Section 211 was recently applied by U.S. courts. In February 2000, the U.S. Appeal Court ruled against a French-Cuban joint venture which tried to defend its trademark and trade-name 'Havana Club', a Cuban rum, against the Bacardi company, mainly on the basis of Section 211.

The EU is of the view that the conditions set forth in Section 211 violate several obligations of the U.S. under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement) since it treats certain foreign right-holders with Cuban assets less favourable than U.S. right-holders. In addition, the law is contrary to the international trademark rules enshrined in the TRIPs Agreement since a

trademark registration and its enforcement before courts cannot be made conditional on the consent of a trademark owner who has abandoned his rights.

Background

Since the adoption of Section 211, the EU has raised the violation of the TRIPs Agreement with the U.S. authorities on various occasions, including the past three EU-U.S. Summits. On all these occasions, the U.S. declined to enter into substantive discussions on this issue. In September and December 1999, consultations under the WTO were held with the U.S., but no progress was made. Under these circumstances, the EU decided to bring the case before a WTO Panel. The request will be addressed by the WTO Dispute Settlement Body on 27 July 2000.